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Annual Budget Submission

FY-1995

SUVA

AUGUST 1993



**Agency for International Development
Washington, D.C. 20523**

UNCLASSIFIED

**FAX MESSAGE FROM**

RDO/SP/SUVA
UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

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DATE: August 30, 1993

TO: Cheryl Williams, ASIA/FPM

NUMBER OF PAGES: ~~27~~ 30

AID/W

FROM: ~~Larry Armstrong~~, Regional Dir FAX NUMBER: (202) 647-3517

Subject: FY 1995 ABS

Here is a faxed copy of the FY 1995 ABS which we are also sending to you and Jim Vermillion by E-Mail. The only differences are: (1) This fax does not include the "official" OE budget tables as they are on pages too long to fax. However, the OE budget tables are included in the E-mail transmittal; and (2) This fax includes some notes relevant to Table IV which will not appear in the E-mail version.

Enclosure: a/s

cc: Jim Vermillion w/o enclosure

To: Cheryl Williams@ASIA.FPM@AIDW
Cc: Jim Vermillion@ASIA.EA@AIDW
Bcc:
From: NICK MARIANI@PROGRAM@SUVA
Subject: Transmittal of RDO/SP FY1995 ABS
Date: Monday, August 30, 1993 15:42:26 FIJ
Attach: U:\public\docs\master.abs,A:\ACSICODE.DBF
A:\BUY MSTR.DBF,A:\BUY PRJ.DBF,A:\CTRY_CD.DBF,A:\LG.DBF
A:\LR.DBF,A:\PL4ROWS.DBF
Certify: N
Forwarded by:

Attached is a copy of RDO/SP's ABS. We are also faxing a copy of the submission with a shortened version of the OE Tables.

Please note the following corrections and/or clarifications should be made in Table IV of the submission because we were working with a year-old-table and diskette which had not been updated and some data was "locked".

Last year's Table IV was incompatible with what was needed this year. Hence we have made several annotations on Table IV which will not reproduce under E-Mail transmission. These notes are:

- Under PIMAR amendment project 879-0022A - the table shows a FY93 year end mortgage of \$8 million. That is not accurate since the amendment and authorization won't take place until FY94.
- Under CAD 879-0025A - the amended project shows a mortgage of \$4 million at the end of FY93 - again this is not accurate as the amended project is not expected to be authorized until FY94.
- Under PEP 879-0023A - the Table shows a mortgage at end of FY93 while this project is not expected to be authorized until FY95.
- Under the amended RAP project 879-0022A, an obligation of \$500,000 is shown for FY95. This is in error as the full amount of amendment, i.e. \$700,000, will be obligated in FY94 at 100% level.
- Also CAD is shown on data base as 879-0026, which is wrong. The correct project number is 879-0025.

Further note that because of structured data base of Table IV, some of the errors on the basic table are repeated in the AC/SI portion of the table.

As database attachments exceed maximum number of attachments per E-Mail message, remaining attachments being transmitted in separate E-Mail.

b

To: Cheryl Williams@ASIA.FPM@AIDW
Cc: Jim Vermillion@DIR@HAITI
Bcc:
From: NICK MARIANI@PROGRAM@SUVA
Subject: Transmittal of RDO/SP FY 1995 ABS
Date: Monday, August 30, 1993 15:54:59 FIJ
Attach: A:\PROJ1.DBF,A:\PROJ2.DBF,A:\PROJ4.DBF,A:\SCRROWS.DBF
A:\SYSTEM.DBF,A:\XIII.DBF,A:\XI_1.DBF,A:\PL480.DBF
Certify: Y
Forwarded by:

Herewith remaining database files as advised in previous E-mail.

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(RDO/SP)

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1. Mission Director's Narrative Statement

Summary

During the period covered by this ABS, several projects, as currently designed, will be coming to an end. Based on results to date and, perhaps more importantly, the interest the program has generated within the countries of the region, RDO/SP proposes to extend several of these projects into the second half of the decade. The objective for these extensions would be to broaden several projects into countries where they are currently not being implemented and to deepen them by adding essential elements either omitted due to budget constraints or overlooked when they were originally designed. Perhaps with one exception, in the area of democracy, this will be the thrust of the RDO/SP's program in the mid-90's.

Overview

Since 1991 with the development of the approved RDO/SP South Pacific strategy, the Mission has focused on three areas of concentration. These areas or strategic objectives are: (1) to improve family health, (2) to conserve vital ecosystems and natural resources, and (3) to increase exports of high value items. These objectives directly correlate with the population and health, environment and economic growth focus of the new A.I.D. administration. For several months, RDO/SP has been discussing involvement in the area of strengthening democratic institutions. Involvement here, however, remains to be determined. We say this because an upcoming PRISM exercise could determine that concentration on fewer rather than more objectives is most appropriate given funds availability.

Coincidentally, RDO/SP developed a program in 1991 whose objectives meld exceedingly well with the new initiatives and areas of concentration brought in by the new AID administration. While our current objectives may require some fine tuning, we believe these will be essentially revalidated since our objectives and related projects address the key problems confronting the South Pacific region.

Strategic Objective - Population and Health

In the area of population and health, RDO/SP has a broad and excellent program which fits particularly well with the definition of a strategic objective: namely, it is (a) developmentally significant, (b) in the Mission's manageable interest to achieve within a 5 to 8 year time frame, and (c) measurable as to results. Population growth is a major problem in the region with high fertility rates far exceeding death rates, leading to the rapid doubling of populations in the Melanesian countries and to intense overcrowding on the smaller island countries of Polynesia and Micronesia. Through our Regional Family Planning (RFP) project, we are addressing this critical problem by assisting in the

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development of an indigenous regional FP organization. The South Pacific Alliance for Family Health (SPAFH) is now operational, is carrying out successful regional FP activities and is receiving budgetary support from other South Pacific (SP) nations as well as Australia. In Papua New Guinea (PNG), the largest country in the SP and one with a serious population (and HIV problem), the Mission is funding an innovative program pioneering FP services and the social marketing of contraceptives. Are such projects developmentally significant? Most definitely, in both the short and long term. Is our population and health program within our manageable interest and can it show measurable results in a 5 to 8 year time frame. Again, we strongly believe so. Our health portfolio also includes on-going projects in child survival and AID's prevention which are progressing well. In FY 1994, we plan to amend the Regional AIDS Prevention (RAP) project to expand the program in PNG, the country with the most serious HIV problem in the region. Using funding from the R&D Bureau, the Mission is also initiating new Vitamin A deficiency activities in PNG and Kiribati as well as continuing support to important malaria research activities in PNG.

Strategic Objective - the Environment

Rapid population growth and high population density has put considerable pressure on the limited land and coastal resources in the South Pacific. As a consequence, hill sides are being eroded due to the use of marginal lands for agriculture and from the cutting of tropical forests; lagoons are dying from siltation and untreated sewerage; and overfishing of coastal waters has depleted inshore marine resources in many places. Three of our projects, Pacific Island Marine Resources (PIMAR), Profitable Environmental Protection (PEP) and Commercial Agriculture Development (CAD) are the main projects addressing this objective.

The PIMAR project is focused on development and sustainable exploitation of fisheries in six SP countries. For example, in Tuvalu, the project is financing the assessment of its bottom fishing resources to determine at what level of exploitation bottom fishing can be sustained. In the Cook Islands, the project is financing a research center on Penrhyn Atoll to determine feasibility and at what level oyster stocks, from which cultured black pearls are harvested, can be cultivated. These efforts require sound lagoon management which not only assures the viability of oyster stocks but cleans up the lagoon as well. The Kiribati sub-project addresses specifically the causes and solutions for cleaning up badly polluted lagoons.

The PEP project is structured to work with local communities and individuals in three South Pacific nations to identify viable businesses that can be operated in an environmentally compatible and sustainable fashion. Once these businesses are identified, the project works with islanders to improve skills needed to run their

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enterprises. Several areas that hold promise for operating in an environmentally sustainable manner are eco-tourism (both terrestrial and marine), wild yam cultivation and harvesting of natural products from the tropical forests.

Finally, the CAD project is introducing new pest treatment technologies which replace toxic and outmoded chemical treatments, but are environmentally safe. It is these technologies that will be expanded to new countries in the region with CAD's extension. Examples are the replacement of chemical treatments for fruits with hot forced air treatment and hot water baths and the introduction of low volume, bait spray treatment for fruit fly control.

Without a high degree of certitude as to how the implementation of these projects would go or how the beneficiaries of the projects would respond, the original project designs focused on only a few countries and a limited number of project interventions. As implementation proceeded, considerable interest has been generated by these projects in various nations in the South Pacific that were not initially involved. More recently, RDO/SP has been approached by several countries and asked to extend these projects to them. Given the interest that has been generated and the impact achieved to date, the Mission has tentatively concluded that these projects should be amended to allow extension of the results throughout the region. RDO/SP proposes to amend PIMAR and CAD in FY 1994 and PEP in FY 1995. These projects will be amended through project paper supplements that will both expand the number of country beneficiaries (e.g. the PEP project is presently focused in only 3 of the 10 countries in the region) and to add complementary components (such as marketing and training elements in PIMAR).

Strategic Objective: Economic Growth

The last element in our strategic objective triad holds excellent promise to achieve developmentally significant results before the end of the decade. The South Pacific region is a significant net importer of goods and services. Shortages and inflation are being held in check mainly by foreign aid inflows, primarily from Australia and New Zealand, the region's major donors. Basing economic growth on high levels of economic assistance is a tenuous proposition today but this is currently a reality in most of the countries of the South Pacific.

In assessing the various strategies for assisting SP countries with economic growth, RDO/SP concluded that increasing exports of relatively high value products into niche markets, thus reducing chronic balance of trade deficits, was the appropriate economic growth strategy to pursue. This strategy met all the criteria of a strategic objective, i.e., it was developmentally significant, doable in 5 to 10 years and measurable. In pursuing this strategy, RDO/SP identified two key sectors: agriculture and fisheries. In agriculture, RDO/SP designed the CAD project whose primary impetus

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is directed to improving the "exportability" of regional agricultural products, such as spices, tropical fruits, and vegetables. Those products are in high demand in Australia and New Zealand, the region's major trading partners, and to a lesser extent in Japan and other nations. Success has already been achieved in Tonga where the quality of vanilla was improved and exports to the U.S. have been increased eightfold (currently amounting to about \$5.0 million or 30% of Tonga's total exports). Because of progress made under the CAD project, in FY 1994 RDO/SP proposes to broaden and deepen its impact by involving additional countries and adding complementary elements to address areas not currently included, but needed, in the project.

The second major project that buttresses RDO/SP growth strategy is the PIMAR project. This project equally supports the Mission's economic growth as well as the conservation of national resources objectives. The project, up to the present, has focused on six countries in the region, but as mentioned above, we propose to expand PIMAR in FY 1994 to broaden it into other SP countries and deepen our efforts in some of those countries where we are already working. It is clear from the work already completed under the project that several countries can do much to improve their economies by developing their fisheries, especially by harvesting their resources themselves and marketing these marine resources in the region and overseas.

A third project supporting our growth objective is the Market Access and Regional Competitiveness (MARC) Project. This project provides trade and investment assistance to the local private sector to (a) improve understanding of export market operations and (b) develop private sector contacts and promote exports to the American market. The project also focuses on providing help to find other high value "niche" market opportunities for South Pacific exporters.

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Other Considerations

RDO/SP, as mentioned at the beginning of this narrative, has not been actively involved in the area of democracy. We have funded some modest activities such as the "Training of Magistrates" program which The Asia Foundation (TAF) implemented. We are about to initiate the TAF/Asia Bureau regional project aimed at promoting women's political participation. We plan to look at what RDO/SP can do to further democracy in the region as part of PRISM exercise later in FY 1994.

In closing, it is my opinion that the management of the program described above is being effectively handled by a small staff working in a geographically large and dispersed region. What has been done to date, has been done well at the level of resources provided. A discussion of what RDO/SP can do in the future at various funding levels is outlined below in the narrative adjoining the strategic objectives tables.

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2. Funding Levels and Strategic Objectives

FY - 1994

For FY 1994, funding at the C.P. level of \$9.5 million (100%) is desirable because RDO/SP could fund several contracts under various projects for longer, more appropriate periods of time. This would significantly reduce administrative burden which results when contracts have to be amended more frequently to add funding. In FY 93 alone, the Mission undertook 22 separate contract and cooperative agreement actions to obligate its program. However, a reduction to the 75% level would not seriously affect project implementation or prevent attaining the USAID's strategic objectives. Hence a program at the reduced \$7.125 million level, while acceptable, will result in many more contract actions than necessary which is burdensome to a small staff.

On the O.E. side, receipt of the FY 1993 funding level of \$1.265 million in FY 1994 is more than sufficient to effectively manage a program at either the \$9.5 or \$7.125 million levels. RDO/SP, in fact, could take a reduction of \$120,000 without negatively affecting our program.

If the O.E. budget is reduced by 25%, or to \$948,000, portfolio management would be seriously affected. The most harmful consequence of such a cut would be on the FN staff and travel. Since the South Pacific program is a regional one, RDO/SP's projects are located in 10 countries. Thus, a cut in travel funding of this magnitude would impair our ability to monitor projects as frequently as prudent stewardship dictates. As an interim measure, we can shift some project monitoring responsibility to project-funded personnel, though this can be only a temporary measure. If this lower level of O.E. funding persists into FY 1995 and beyond, RDO/SP would have to consider not extending the Regional AIDS Prevention project in FY 1994 or the Regional Family Planning project which ends in FY 1996. If that were the case, we would need to ask "can RDO/SP make a difference in the population and health area with just a single HP activity, i.e. PNG Child survival?". Thus the O.E. level over the next 2 to 3 years will be a key variable in determining how many projects RDO/SP can effectively design and implement.

FY - 1995

A program level of \$9.5 million (100%) would contribute to eliminating funding gaps and avoid administratively burdensome contract amendments which result when project funding is limited. While a FY 1995 level of \$7.125 (75%) million would provide adequate funding to meet basic project needs, two projects which are proposed for amendment in FY 1994, PIMAR and CAD, would have reduced funding going to several contracts. Because of the

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increased authorized level for PIMAR, adding \$8 million, and the CAD project, adding \$4 million, RDO/SP's DA mortgage into FY 1995 would be about \$16.5 million -- an amount which is manageable with an OYB of \$7.125 million for FY 1995.

If our FY 1995 level was reduced to \$4.750 million (50%), the program would suffer from loss of momentum and continuity and serious consideration would have to be given to eliminating a strategic objective.

Funding for PNG Child Survival would have to be reduced from about \$1.0 million under the 75% level to \$800,000 at the 50% level and the LOP would have to be reduced by about \$500,000. A major redesign is planned for this fall that could be used to reduce its budget and cash flow needs.

At the 50% level, first year funding under the amended PIMAR project would have to be deferred until FY 1996 which is likely to leave a funding gap affecting project implementation during FY 96. This gap could result in the loss of key personnel from both the contractor and RDO/SP PSC staffs. The major difficulty at this level then is the continuation of PIMAR beyond FY 1995 with all ongoing activities ending at or before the current PACD.

In addition, RDO/SP would have to reduce the LOP for the MARC project by over \$2.0 million, after providing only a sustainable level of funding of \$319,000 in FY 1994 and \$500,000 (at 50% level) in FY 1995. The project is scheduled for an evaluation during the 2nd quarter of FY 1994, which will mainly concentrate on the validity of design assumptions. The evaluation may lead to a project redesign which could reduce its budget requirements.

At this level, we would also postpone the additional funding of the CAD project, moving new funding from FY 1995 to FY 1996 as the remaining pipeline of the basic project may be sufficient to carry out original project activities into FY 1996. However, provision of FY 1996 funding would be required early in that FY if CAD is to avert a funding gap with the resulting loss of key contractor and RDO/SP PSC staffs.

Thus, if the 50% level of \$4.750 million is straight-lined through FY 1996, several RDO/SP projects proposed for expansion would have to be deferred for one year and reduced in size. The proposed extensions in FYs 1994 and 1995 include RAP, PEP, CAD and PIMAR. These extended projects would have mortgages that would be difficult to support with a continuing low OYB level and termination of at least one would have to be considered.

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An O.E. budget level of 75% of FY 1993 is less serious to the program in FY 1995 than in FY 1994. This is because five FN staff were eliminated in 1994, DH personnel turnover is expected to be low, and there will be one less USDH position in the Health Office with a consequent reduction in rental costs. The loss of the DH Health Office position should not have a serious impact on oversight of our important HPN program as we plan to hire a PSC health professional to cover the DH void from program funds.

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FY 1994 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

STRATEGIC OBJECTIVE*	POLICY AREA	FY 1994 LEVEL - \$9,500	
		100%	75%
I. Increased exports of high-value products	Growth		
PIMAR (0020)		1,892	1,430
MARC (0018)		319	319
CAD (0025)		670	670
II. Improved Family Health	Population/ Health		
PNGCS (0017)		1,500	1,300
RFP (0019)		1,500	750
RAP (0022A)**		700	200
III. Conservation of vital ecosystems and natural resources	Environment		
PIMAR (0020)		1,892	1,429
PEP (0023)		357	357
CAD (0025)		670	670
Total - DA		9,500	7,125
MLT Fisheries*** (ESF)		14,000	14,000
TOTAL		23,500	21,125

* Strategic objectives as approved in the 1991 Regional Development Strategy statement update.

** The designation "A" for projects (i.e. 0022A) represents planned addition to the basic project.

*** As fisheries treaty program funds are distributed to the countries by the Forum Fisheries Agency without restriction on their use of the funds, the use of the funds is not known and not attributed to objectives.

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FY 1995 PROGRAM BY STRATEGIC OBJECTIVE (\$000)

STRATEGIC OBJECTIVE*	POLICY AREA	BASE: \$9,500					
		50% of Base of which		75% of Base of which		100% of Base of which	
		Ongoing	New	Ongoing	New	Ongoing	New
I. Increase exports of high-value products	Growth						
	PIMAR (0020) - PIMAR (0020A) 1.	463		463	300	463	550
	MARC (0018)	500		1,550		2,062	
	CAD (0025) - CAD (0025A)	785		785	150	785	250
II. Improved Family Health	Population/Health Growth						
	PNG CS (0017)	805		1,030		1,693	
	RFP (0019)	650		650		650	
	RAP (0022A)**		300		500		500
III. Conservation of vital ecosystems and natural resources	Environment Growth						
	PIMAR (0020) - PIMAR (0020A)	462		462	300	462	550
	PEP (0023) - PEP (0023A)						500
	CAD (0025) - CAD (0025A)	785		785	150	785	250
		4,450	300	5,725	1,400	6,900	2,600
Total - OA			4,750		7,125		9,500
MLT Fisheries***			14,000		14,000		14,000
TOTAL			18,750		21,125		23,500

* Strategic objectives as approved in the 1991 Regional Development Strategy Statement update.

** The designation "A" for projects (i.e. 0022A) represents planned addition to the basic project.

*** As fisheries treaty program funds are distributed to the countries by the Forum Fisheries Agency without restriction on their use of the funds, the use of the funds is not known and not attributed to objectives.

TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG DATE INIT/FINAL	--TOTAL COST-- AUTH PLAN	OBLIG THRU FY 1991	--FY 1992 EST-- OBLIG ACTIONS	EXPEND ITURES	-----FY 1993 PLANNED----- OBLIG ACTIONS	EXPEND ITURES	YR END MORTGAGE	--FY 1994 PROP.-- OBLIG ACTIONS	EXPEND ITURES	FY 1995 OBLIG PROP
879-0001			PVO CO-FINANCING										
	FN G		84 91	11,973	4,335	4,335							
	PN G		84 91	966	966	966							
	HE G		84 91	2,322	2,322	2,322							
	EH G		84 91	4,391	4,391	4,391							
	SD G		84 91	1,047	1,047	1,047							
	PROJECT TOTAL:			20,699	13,061	13,061	0	0	0	0	0	0	0
879-0004			DEVELOPMENT SUPPORT TRAINING										
	EH G		85 90	3,000	2,955	2,955	163						
879-0006			SPC MULTI-PROJECT SUPPORT										
	FN G		85 89	1,600	1,600	1,300				300			
	HE G		85 89	900	900	900							
	PROJECT TOTAL:			2,500	2,500	2,200	0	0	0	300	0	0	0
879-0009			SOUTH PACIFIC FISHERIES DEVELOPMENT										
	FN G		86 92	3,212	3,167	3,167	559						
	ES G		86 92	2,238	2,228	2,228	33						
	PROJECT TOTAL:			5,450	5,395	5,395	0	592	0	0	0	0	0
879-0010			PROJECT DEV. & IMPLEMENTATION SUPPORT										
	FN G		86 90	784	778	778	191						
	HE G		86 90	400	370	370							
	SD G		86 90	441	441	441	117						
	ES G		86 90	375	375	375							
	PROJECT TOTAL:			2,000	1,964	1,964	0	308	0	0	0	0	0
879-0011			FISHERIES TREATY PROGRAM										
	ES G	CT	88 92	50,000	50,000	40,000	10,000	10,000					
879-0017			PNG CHILD SURVIVAL SUPPORT										
	HE G	PA	89 95	4,260	4,260	3,053	1,200	1,166		7			
	CS G	PA	89 95	5,140	5,140	434	850	136	870	1,369	2,986	1,500	900
	PROJECT TOTAL:			9,400	9,400	3,487	2,050	1,302	870	1,369	2,953	1,500	900
879-0018			MARKET ACCESS & REG. COMPETITIVENESS										
	FN G	PA	91 95	6,820	6,820	868	1,250	412	400	961	4,302	319	1,200
	SD G	PA	91 95	680	680	200	480	14					
	PROJECT TOTAL:			7,500	7,500	1,068	1,730	426	400	961	4,302	319	1,200
879-0019			REGIONAL FAMILY PLANNING										
	PN G	PA	90 97	4,800	4,800	1,200	800	872	1,300	895	1,500	1,500	300
	HE G	PA	90 97										650
	PROJECT TOTAL:			4,800	4,800	1,200	800	872	1,300	895	1,500	1,500	300

TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

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879-0020 PACIFIC ISLANDS MARINE RESOURCES														
	FN G	PA	90 95	12,800	12,800	6,125	750	1,932	2,140	3,400	3,785	3,784	3,000	925
	ES G	PA	90 95	900	900		300	6		600				
PROJECT TOTAL:				13,700	13,700	6,125	1,050	1,938	2,140	3,400	4,385	3,784	3,000	925
879-0020A PACIFIC ISLANDS MARINE RESOURCES														
	FN G	PA	95 98	8,000	8,000					8,000 *			1,100	
879-0022 REGIONAL AIDS PREVENTION														
	HE G	PA	90 95	300	300	300		33						
	DG G	PA	90 95	2,138	2,138	403	1,215	252	520	700		700		
	SD G	PA	90 95	62	62	62								
PROJECT TOTAL:				2,500	2,500	765	1,215	285	520	700	0	0	700	0
879-0022A REGIONAL AIDS PREVENTION														
	DG G	PA	94 94	700	700						700		500	
879-0023 PROFITABLE ENVIRONMENTAL PROTECTION														
	FN G	PA	91 95	1,295	1,295	572	723	9				400		
	SD G	PA	91 95	1,105	1,105	100	148	91	500	500	357	357	400	0
PROJECT TOTAL:				2,400	2,400	672	871	100	500	500	357	357	400	0
879-0023A PROFITABLE ENVIRONMENTAL PROTECTION														
	FN G	PA	95 97	2,000	2,000					2,000 **			500	
879-0025A COMMERCIAL AGRICULTURAL DEVELOPMENT														
	FN G	PA	95 97	4,000	4,000					4,000 *			500	
879-0026 COMMERCIAL AGRICULTURE DEVELOPMENT														
	FN G	PA	92 96	6,000	6,000	950	93	2,140	1,800	2,910	1,340	1,000	1,570	
879-0031 POPULATION/HEALTH PRIVATIZATION														
	PN G	PA	95 99											
879-0032 MULTILATERAL FISHERIES TREATY														
	ES G	CT	93 03	140,000	140,000			14,000	14,000	126,000	14,000	14,000	14,000	
879-0251 PRIVATE AND VOLUNTARY ORGANIZATIONS														
	FN G		80 83	2,674	2,674	2,674								
	EH G		80 83	7,611	5,399	5,399								
PROJECT TOTAL:				10,285	8,073	8,073	0	0	0	0	0	0	0	0
879-0256 ACCELERATED IMPACT PROGRAM														
	FN G		78 89	530	466	466								
	SD G		78 89	3,023	2,897	2,897								
PROJECT TOTAL:				3,553	3,363	3,363	0	0	0	0	0	0	0	0

*Projects scheduled for authorization in FY94 erroneously shown as mortgage in FY93.

***Regional AIDS Prevention Project erroneously shows obligation in FY95.

**Project scheduled for authorization in FY95 erroneously shown as mortgage in FY93.

Commercial Agriculture Development project number is 879-0025 and not 879-0026 as shown in ABS database.

TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG DATE INIT/FINAL	--TOTAL COST-- AUTH PLAN	OBLIG THRU FY 1991	--FY 1992 EST.-- OBLIG ATIONS	EXPEND ITURES	-----FY 1993 PLANNED----- OBLIG ATIONS	EXPEND ITURES	YR END MORTGAGE	--FY 1994 PROP.- OBLIG ATIONS	EXPEND ITURES	FY 1995 OBLIG PROP
879-0267			SOUTH PACIFIC REGION AGRICULTURAL DEV										
	FN G		80 91	13,000	12,140		1,757						
879-EVTR			ENVIRONMENTAL TRAVEL										
	FN G	NP	90 90	43	43								
REPORT TOTAL:				311,530	300,494	102,511	18,666	17,836	21,870	23,625	156,747	23,500	21,500

Obligations Thru FY 1991 marked with (*) include Deobligations of Prior Year Obligations

APPROPRIATION SUMMARY

FN	3,673	4,953	4,680	6,161	25,297	5,443	5,600	6,657
PN	800	872	1,300	895	1,500	1,500	300	650
HE	1,200	1,199	0	0	7	0	0	0
CS	850	136	870	1,369	2,986	1,500	900	1,693
DG	1,215	252	520	700	0	700	700	500
EH	0	163	0	0	0	0	0	0
SD	628	222	500	500	357	357	0	0
ES	10,300	10,039	14,000	14,000	126,600	14,000	14,000	14,000
REPORT TOTAL:	18,666	17,836	21,870	23,625	156,747	23,500	21,500	23,500

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SOUTH PACIFIC REGIONAL (879)
FY 1994 ANNUAL BUDGET SUBMISSION

TABLE V : PROPOSED PROGRAM RANKING

RANK	PROJECT	TITLE	PROGRAM FUNDING (\$000)	
			APPROP	INCR
MCC LEVEL				
	879-0017	PNG CHILD SURVIVAL SUPPORT	CS	1,300
	879-0018	MARKET ACCESS & REG. COMPETITIVENESS	FN	319
	879-0019	REGIONAL FAMILY PLANNING	PN	750
	879-0020	PACIFIC ISLANDS MARINE RESOURCES	FN	2,859
	879-0022A	REGIONAL AIDS PREVENTION	DG	200
	879-0023	PROFITABLE ENVIRONMENTAL PROTECTION	FN	357
	879-0026	COMMERCIAL AGRICULTURE DEVELOPMENT	FN	1,340
	879-0032	MULTILATERAL FISHERIES TREATY	ES	14,000
		TOTAL MCC REQUEST		21,125
INCREMENT LEVEL				-----
	879-0017	PNG CHILD SURVIVAL SUPPORT	CS	200
	879-0019	REGIONAL FAMILY PLANNING	PN	750
	879-0020	PACIFIC ISLANDS MARINE RESOURCES	FN	925
	879-0022	REGIONAL AIDS PREVENTION	DG	500
		TOTAL INCREMENT REQUEST		2,375
		TOTAL REQUEST		23,500

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7. CONCEPT PAPERS FOR FY 1994 and FY 1995

Amended Projects

- a. Pacific Islands Marine Resources Project (PIMAR-879-0020A)
- b. Commercial Agricultural Development Project (CAD-879-0025A)
- c. Regional AIDS Prevention Project (RAP-879-0022A)
- d. Profitable Environmental Protection Project (PEP-879-0023A)

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PACIFIC ISLANDS MARINE RESOURCES (PIMAR - 879-0020A)

AMENDMENT NARRATIVE

	<u>Auth</u>	<u>Initial Oblig.</u>	<u>Amended PACD</u>
Amendment Amount - \$8 million	FY 1994	FY 1995	FY 1998

1. Project Purpose: Increase the income of local fisherfolk by replicating successful technology developed by PIMAR in other countries in the region and by adding key new components to the existing project.

II. Relation to Mission's Approved Strategic Objectives: Our strategic objectives of increasing incomes through increased exports while conserving the environment are both fulfilled by the proposed activities.

III. Relationship to New Agency Policy Areas:

Environment: Marine resources will be conserved through the development of sound management practices. Migratory fish stocks will be harvested using methods that enhance long term survival of species and potential yields of bottomfish stocks will be determined so that management plans can be formulated to ensure their sustainable exploitation.

Economic Growth: Private enterprises such as the production and sale of black pearls, the development of niche markets for marine products and exports of value-added products will be stimulated in new countries in the region by replicating pilot successes. Local fisherfolk will enter previously expatriate-dominated fisheries such as tuna long lining and bottom fishing through the introduction of new technologies and establishment of marketing associations.

IV. Expected Outputs:

- Increased exports of high value tuna products (sashimi grade tuna) in three countries.
- Increased utilization of longline by-catch product in three countries.
- Increased export of bottomfish from two countries.
- Completed resource assessments and installed bottom fish management plans in three countries.
- Increased production and sale of bait fish by fisherfolk.

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V. Means of Verification: Export sales are recorded in all countries in the region and will be used to monitor changes in sales of high value marine fisheries and mariculture exports. Bait fisheries and management plans will be monitored by project staff.

VI. Description of the Project Supplement: Over the past three years of implementation, seven sub-projects have established new longlining techniques, analyzed data from bottom and pelagic fish catches, developed resource management options, conducted ecological and environmental lagoon assessments, and assisted in the establishment of fishing industry associations. An evaluation of this project is scheduled for early FY 1994, but some of the project findings to date already indicate the profitability of technologies being tested. Longlining is showing considerable potential in Tonga and PNG; longline baitfishing, a spin-off activity, shows great potential for countries in the region where reef tenure is not an issue; pearl farming techniques can be replicated in other lagoons; bottomfish exports to Pacific rim countries can be increased in countries now upgrading their transport infrastructure. While the original PP supports the replicability of successful PIMAR projects, funds are not sufficient to do more than extend results via workshops and publications. This limited exposure will not be sufficient in most cases to establish new enterprises; technical assistance and training opportunities (much of it available in the region) and some specialized equipment and technology transfers are needed to ensure that new fishing industry associations and enterprises are established. Countries in the region are aware of projects in neighboring countries and are requesting the replication of similar projects in their own countries. The evaluation will focus on the potential for replicability of these activities and make recommendations in this regard to form the basis of this expanded project.

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COMMERCIAL AGRICULTURAL DEVELOPMENT (CAD - 879-0025A)

AMENDMENT NARRATIVE

	<u>Auth</u>	<u>Initial Oblig.</u>	<u>Amended PACD</u>
Amendment amount - \$4 million	FY 1994	FY 1995	FY 1998

I. Project Purpose: To increase the incomes of farmers and exporters of high value crops while introducing environmentally sustainable technologies.

II. Relation to Mission's Approved Strategic Objectives: The objectives of increasing exports and conserving the environment are both fully met in this project.

III. Relation to Agency Policy Areas:

Environment: New pest treatment technologies, which replace toxic and outmoded treatments and are environmentally safe, will be introduced and expanded to new countries in the region. Examples are the replacement of fumigation treatments for fruits with hot forced air and hot water baths and the introduction of bait sprays for fruit fly control.

Economic Growth: CAD is currently working with a governmental parastatal in the immature ginger industry to assist in privatizing that company and allowing producers to purchase shares. This work would be expanded to other agro-enterprises in this supplement. In addition, some crops in the South Pacific are produced organically (vanilla) but producers are not able to receive price differentials because no organic certification system has been set up. This supplement will fund that activity. Integrated pest management systems which reduce chemical applications and have been tried and proven in other countries will be introduced. Examples are viral vaccinations for plants, resistant strain selection of root crops, bait sprays, etc.

IV. Expected outputs:

- Increased exports of currently prohibited products to Pacific rim countries.
- Increased value of fruit and vegetables and reduced production costs as a result of increased quality and availability of nondamaged fruits.
- Increased prices of exports through the certification of products as organic.

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- Enhanced incomes for producers and exporters through the extension of CAD activities to new countries (Niue, Cook islands, Solomon islands) and new areas in current countries (Vanua Levu in Fiji, the highlands of PNG, Savaii in Western Samoa, Espiritu Santo in Vanuatu).

IV. Means of Verification: Government export figures on all export orientated trade and internal project records on intra and inter island sales.

V. Description:

Over the past several years, CAD has been making inroads into solving long standing agricultural product quality and market accessibility problems. A strong emphasis, since project inception, has been placed on sustainability and hence on both economic viability and on environmentally safe practices. The CAD design was based on our highly successful project in Tonga which set up an agricultural association which now exports vegetables, spices, handicrafts, etc. This agro-enterprise has significantly increased income for some 300 farm families and increased foreign exchange earnings. Assistance to CAD agro-enterprises in Fiji and Vanuatu has just been initiated, but privatization towards grower owned enterprises is proceeding. In the areas of technology transfer, quarantine treatment methods and research are progressing on schedule in Tonga, but other countries are also requesting assistance. Cucurbit virus cross protection is now entering the commercialization phase. The provision of additional funds would allow these activities to be efficiently extended to new countries or to new regions in existing CAD countries.

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REGIONAL AIDS PREVENTION (RAP 879-0022A)

AMENDMENT NARRATIVE

	<u>Auth</u>	<u>Initial oblig.</u>	<u>Amended PACD</u>
Amendment Amount - \$700,000	FY 1994	FY 1994	FY 1996

I. Project purpose: To promote behavior that will thwart STD/HIV/AIDS transmission in Papua New Guinea (PNG).

II. Relation to Mission's Approved Strategic Objectives:

Directly supports the RDO/SP's Strategic Objectives of improving Family Health

III. Relation to Agency Policy Areas:

Population and Health. Funding provided under the expanded project will be entirely dedicated to AIDS prevention work in PNG which has the highest rate in the region (in absolute and proportional terms) of STD and HIV infection. The project will focus on research whose findings will be used in making key decisions on the shape and size of a national prevention program in PNG which will evolve over the next decade.

IV. Expected Outputs:

- Completed research in socio-anthropological, epidemiological, STD detection and treatment, operations research on STD/HIV counselling, services management and communications research areas.

- National STD/HIV/AIDS prevention program developed.

V. Indicators:

For the research activities, it will be the publication of findings and their incorporation into the national prevention program.

To confirm that a prevention program is being developed, there will be published articles, public announcements, TV information advisories and the like on STD/HIV/AIDS prevention.

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VI. Description

The project expansion, unlike the original grant, will limit its intervention to PNG. The basic grant was provided for education and community awareness activities in 10 countries over 5 years which made the resources rather modest for each country. The project has been evaluated as having performed well its first years in the small countries of the region. However, the small amount of resources was hardly sufficient to substantially tackle the AIDS/STD problems of PNG, by far the largest country in the South Pacific region.

One focus area which has remained untouched by resource pledges from donor organizations is the area of research -- socio - anthropological research, epidemiological research, STD detection and treatment research, operations research on STD/HIV counselling and services management research, and communications research. Yet the results of such research is vital for most important decisions on the shape and scope of the national prevention program as it evolves over the next decade. For this reason, RDO/SP plans to focus our relatively small resource input totally into the research effort, which will provide input and influence all other aspects of the program.

PNG is blessed by one of the premier health research institutions in the developing world, the PNG Institute for Medical Research (IMR). IMR is a government institution with a distinguished record over the 25 years, an outstanding record of collaborating with other institutions and donors, and a proven capability to do research in such fields as anthropology, sociology, epidemiology, microbiology, and genetics. USAID has been working with IMR for several years to establish a malaria research station for testing a malaria vaccine when one is discovered. This new project proposes to collaborate with IMR on a multi-disciplinary research package related to HIV spread in PNG; the individual research activities will be mutually determined in a collaborative process between GPNG and AID and in consultation with other involved donors.

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PROFITABLE ENVIRONMENTAL PROTECTION (PEP) PROJECT (879-0023A)

AMENDMENT NARRATIVE

	<u>Auth</u>	<u>Initial</u>	<u>Amended</u>
		<u>oblig.</u>	<u>PACD</u>
Amendment amount - \$2 Million	FY 1995	FY 1995	FY 1998

I. Project Purpose:

The purpose of the project remains unchanged which is to demonstrate working models of profitable commercial and community enterprise that enable the long-term conservation of biologically and economically vital ecosystems.

II. Relation to Mission's Strategic Objectives :

The project contributes to achieving RDO/SP's strategic objectives of conservation of vital ecosystems and natural resources by assisting communities and businesses located in biologically important areas of the South Pacific to utilize their environment in a sustainable manner.

III. Relation to Agency Policy Areas:

Environment: The project is designed to identify geographic areas within the South Pacific which are important from a biological perspective and are under stress from human exploitation. Communities and individuals in those areas will be assisted, on a pilot basis, to undertake environmentally compatible and sustainable economic activities. Through this approach, it is expected that environmentally rich areas can be preserved while still improving the well being of the inhabitants.

IV. Expected Outputs:

- Increase the number of countries assisted under the project from 3 to at least 6.
- Increase the number of enterprises developed/initiated from 30 to at least 50 in the countries assisted.
- Double the number of lending institutions that serve the business people under the project, increasing from 4 to 8 over the LOP.
- Double the number of evaluations undertaken to determine both the environmentally beneficial and detrimental results of the enterprise activities assisted under the project.

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- Improve the quality of life of communities and individuals assisted under the project using sociological measures.

V. Indicators

All the above outputs can be verified by a scheduled evaluation near the projects' conclusion. The same evaluation will look at EOPS and project purpose attainment which the above inputs will contribute to achieving.

TABLE VIII(a)
SOUTH PACIFIC REG.

SOUTH PACIFIC REG.		FY 1994 OPERATING EXPENSES								FY 1995 OPERATING EXPENSES							
EXPENSE CATEGORY	FUNC CODE	FY 1994 BASE (75%)				FY 1994 TARGET (100%)				ASSUMES FY 1994 BASE FY 1995 BASE (75%)				ASSUMES FY 1994 TARGET LEVEL FY 1995 TARGET (100%)			
		OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS
U.S. DIRECT HIRE:																	
Other Salary	U105	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Education Allowances	U106	8.0	0.0	8.0	3.0	28.0	0.0	28.0	3.0	13.0	0.0	13.0	5.0	26.0	0.0	26.0	5.0
Cost of Living Allow.	U108	2.0	0.0	2.0		2.0	0.0	2.0		2.0	0.0	2.0		2.0	0.0	2.0	
Other Benefits	U110	0.7	0.0	0.7		0.7	0.0	0.7		0.7	0.0	0.7		0.7	0.0	0.7	
Post Assign Travel	U111	10.0	0.0	10.0	3.0	10.0	0.0	10.0	3.0	10.0	0.0	10.0	1.0	10.0	0.0	10.0	1.0
Post Assign Freight	U112	60.0	0.0	60.0	3.0	60.0	0.0	60.0	3.0	20.0	0.0	20.0	10.0	20.0	0.0	20.0	10.0
Home Leave Travel	U113	13.0	0.0	13.0	5.0	13.0	0.0	13.0	5.0	9.0	0.0	9.0	3.0	9.0	0.0	9.0	3.0
Home Leave Freight	U114	2.2	0.0	2.2	5.0	2.2	0.0	2.2	5.0	5.0	0.0	5.0	3.0	5.0	0.0	5.0	3.0
Education Travel	U116	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R & R Travel	U116	7.2	0.0	7.2	6.0	7.2	0.0	7.2	6.0	7.2	0.0	7.2	5.0	7.2	0.0	7.2	5.0
Other Travel	U117	0.0	0.0	0.0	0.0	27.3	0.0	27.3	0.0	0.0	0.0	0.0	0.0	27.3	0.0	27.3	0.0
Subtotal	U100	103.1	0.0	103.1		150.4	0.0	150.4		66.9	0.0	66.9		109.2	0.0	109.2	
F.N. DIRECT HIRE:																	
F.N. Basic Pay	U201	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overtime/Holiday Pay	U202	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Code 11 - FN	U203	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Code 12 - FN	U204	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benefits - Former FN	U205	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued Severance	U206	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	U200	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
CONTRACT PERSONNEL:																	
U.S. PSC - S&B	U302	89.0	0.0	89.0	1.8	89.0	0.0	89.0	1.8	78.0	0.0	78.0	1.6	93.0	0.0	93.0	1.6
Other U.S. PSC Costs	U303	10.0	0.0	10.0		10.0	0.0	10.0		0.0	0.0	0.0		10.0	0.0	10.0	
FN PSC - S&B	U304	300.0	0.0	300.0	23.0	375.0	0.0	375.0	28.0	315.0	0.0	315.0	23.0	385.0	0.0	385.0	27.0
Other FN PSC Costs	U305	0.0	0.0	0.0		5.0	0.0	5.0		0.0	0.0	0.0		5.0	0.0	5.0	
Manpower Contracts	U306	9.0	0.0	9.0	3.0	17.0	0.0	17.0	5.0	9.0	0.0	9.0	3.0	17.0	0.0	17.0	5.0
Accrued Severance	U307	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Subtotal	U300	408.0	0.0	408.0		496.0	0.0	496.0		402.0	0.0	402.0		510.0	0.0	510.0	
HOUSING:																	
Residential Rent	U401	110.0	0.0	110.0	6.0	110.0	0.0	110.0	6.0	113.9	0.0	113.9	5.0	113.9	0.0	113.9	5.0
Residential Utilities	U402	18.0	0.0	18.0		18.0	0.0	18.0		18.0	0.0	18.0		18.0	0.0	18.0	
Maint/Repairs	U403	2.0	0.0	2.0		4.0	0.0	4.0		2.0	0.0	2.0		4.0	0.0	4.0	
Living Quarters Allow	U404	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Security Guards	U407	8.0	0.0	8.0	2.0	8.0	0.0	8.0	2.0	8.0	0.0	8.0	2.0	8.0	0.0	8.0	2.0
Official Res. Exp.	U408	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Representation Allow.	U409	0.6	0.0	0.6		0.6	0.0	0.6		0.6	0.0	0.6		0.6	0.0	0.6	
Subtotal	U400	138.6	0.0	138.6		140.6	0.0	140.6		142.5	0.0	142.5		144.5	0.0	144.5	

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TABLE VIII(a)
SOUTH PACIFIC REQ

FY 1994 OPERATING EXPENSES

FY 1995 OPERATING EXPENSES

EXPENSE CATEGORY	FUNC CODE	FY 1994 BASE (75%)				FY 1994 TARGET (100%)				ASSUMES FY 1994 BASE FY 1995 BASE (75%)				ASSUMES FY 1994 TARGET LEVEL FY 1995 TARGET (100%)			
		OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS	OE	TF	TOTAL	UNITS
OFFICE OPERATIONS:																	
Office Rent	U501	52.0	0.0	52.0		70.0	0.0	70.0		33.0	0.0	33.0		70.0	0.0	70.0	
Office Utilities	U502	20.0	0.0	20.0		28.5	0.0	28.5		22.0	0.0	22.0		28.5	0.0	28.5	
Building Maint/Repair	U603	3.5	0.0	3.5		3.5	0.0	3.5		3.5	0.0	3.5		3.5	0.0	3.5	
Equip. Maint/Repair	U608	12.0	0.0	12.0		12.0	0.0	12.0		12.0	0.0	12.0		12.0	0.0	12.0	
Communications	U609	70.0	0.0	70.0		73.0	0.0	73.0		75.0	0.0	75.0		75.0	0.0	75.0	
Security Guards	U510	22.0	0.0	22.0	6.0	22.0	0.0	22.0	6.0	22.0	0.0	22.0	6.0	22.0	0.0	22.0	6.0
Printing	U511	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Site Visits - Mission	U513	54.0	0.0	54.0	22.0	93.0	0.0	93.0	37.0	80.0	0.0	80.0	30.0	98.0	0.0	98.0	37.0
Site Visits - AID/W	U514	5.0	0.0	5.0	2.0	15.0	0.0	15.0	6.0	10.0	0.0	10.0	3.0	15.0	0.0	15.0	5.0
Information Meetings	U516	2.0	0.0	2.0	1.0	4.0	0.0	4.0	2.0	2.0	0.0	2.0	1.0	4.0	0.0	4.0	2.0
Training Travel	U518	8.0	0.0	8.0	1.0	11.0	0.0	11.0	2.0	6.0	0.0	6.0	2.0	9.0	0.0	9.0	3.0
Conference Travel	U517	3.0	0.0	3.0	1.0	6.0	0.0	6.0	2.0	6.0	0.0	6.0	2.0	9.0	0.0	9.0	3.0
Other Operational Trl	U518	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Supplies	U519	20.1	0.0	20.1		22.0	0.0	22.0		20.9	0.0	20.9		22.0	0.0	22.0	
FAAS	U620	10.0	0.0	10.0		10.0	0.0	10.0		22.0	0.0	22.0		22.0	0.0	22.0	
Consultant Contracts	U521	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mgmt/Pro: Svcs Cont	U522	0.0	0.0	0.0	0.0	3.0	0.0	3.0	0.1	0.0	0.0	0.0	0.0	3.0	0.0	3.0	0.1
Spec. Studies/Analyses	U523	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADP H/W Lease/Maint	U525	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
ADP S/W Lease/Maint	U526	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Trans/Freight - U500	U598	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
Other Contract Svcs	U599	15.0	0.0	15.0		15.0	0.0	15.0		15.0	0.0	15.0		15.0	0.0	15.0	
Subtotal	U500	296.6	0.0	296.6		388.0	0.0	388.0		329.4	0.0	329.4		408.0	0.0	408.0	
NXP PROCUREMENT:																	
Vehicles	U601	0.0	0.0	0.0	0.0	10.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	20.0	1.0
Residential Furniture	U602	0.0	0.0	0.0		13.0	0.0	13.0		0.0	0.0	0.0		20.0	0.0	20.0	
Residential Equipment	U603	0.0	0.0	0.0		7.0	0.0	7.0		10.0	0.0	10.0		10.0	0.0	10.0	
Office Furniture	U604	0.0	0.0	0.0		10.0	0.0	10.0		0.0	0.0	0.0		8.0	0.0	8.0	
Office Equipment	U605	0.0	0.0	0.0		12.0	0.0	12.0		1.0	0.0	1.0		4.3	0.0	4.3	
Other Equipment	U606	0.0	0.0	0.0		5.0	0.0	5.0		2.5	0.0	2.5		5.0	0.0	5.0	
ADP H/W Purchases	U607	5.0	0.0	5.0		20.0	0.0	20.0		5.0	0.0	5.0		20.0	0.0	20.0	
ADP S/W Purchases	U608	5.0	0.0	5.0		5.0	0.0	5.0		5.0	0.0	5.0		5.0	0.0	5.0	
Trans/Freight - U600	U609	2.5	0.0	2.5		18.0	0.0	18.0		6.5	0.0	6.5		23.0	0.0	23.0	
Subtotal	U600	12.5	0.0	12.5		100.0	0.0	100.0		30.0	0.0	30.0		115.3	0.0	115.3	
TOTAL OE BUDGET		958.8	0.0	958.8		1,275.0	0.0	1,275.0		970.8	0.0	970.8		1,287.0	0.0	1,287.0	
Less FAAS	U620	10.0	0.0	10.0		10.0	0.0	10.0		22.0	0.0	22.0		22.0	0.0	22.0	
TOTAL OE BUDGET		948.8	0.0	948.8		1,265.0	0.0	1,265.0		948.8	0.0	948.8		1,265.0	0.0	1,265.0	
636(c)	U999			0.0				0.0				0.0				0.0	
GRAND TOTAL OE BUDGET		948.8	0.0	948.8		1,265.0	0.0	1,265.0		948.8	0.0	948.8		1,265.0	0.0	1,265.0	
=====																	
USDH FTEs				7.0				7.0				6.0				6.0	
FNDH FTEs				0.0				0.0				0.0				0.0	
US PSC FTEs				1.8				1.8				1.6				1.6	
TCN PSC FTEs				0.0				0.0				0.0				0.0	
FN PSC FTEs				23.0				28.0				23.0				27.0	
OTHER CONTRACT FTEs				3.0				5.0				3.0				5.0	

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8. FY 1994 and FY 1995 Operating Expense (OE) Narrative

FY 1994 Overview:

100% Level:

RDO/SP has aggressively pursued cost cutting measures over the past two years. These efforts are bearing fruit as evidenced by the 100% funding level budgets. Even with the cost of three assignments to post in FY 1994, the estimated FY 1994 Mission budget does not equal the actual FY 1993 level.

Management Implications:

Barring unforeseen events, RDO/SP does not foresee any budgetary constraints at the 100% of FY 1993 funding level.

75% Level:

At this level RDO/SP faces budgetary constraints. Two major implication of a 25% reduction in OE funding are a reduced FSN workforce and a significantly lower level of travel for purposes of project monitoring. NXP procurement, while significantly reduced from the 100% funding level, does not pose a serious problem for RDO/SP in FY 1994. Both the U100 (USDH) and the U400 (Housing) costs remain virtually unchanged between the two FY 1994 budget options. The office rent decrease is accounted for by charging project funded personnel for floor space. This procedure is not invoked in the 100% funding level. FSN positions would decrease by 5 combined with no wage adjustments in FY 1994. Manpower contracts will decrease by 2 positions. The relatively high USPSC costs include a temporary controller while Mission controller is on home leave.

Management implications:

A Mission has very few discretionary costs in the short term. USDH entitlements (e.g. Home Leave, R&R, and housing) as well as major office operation costs (e.g. rent, electricity and communications) are not discretionary in the short term, leaving only NXP procurement, FSN workforce levels and travel as discretionary. It is in these areas that costs must be reduced to fit the budget available.

As a regional mission with most of its projects located outside of Fiji, RDO/SP is dependant upon substantial international travel to adequately monitor its projects. Travel involves long distances and is expensive. It is in

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this area that management concerns are raised, since to curtail USDH travel constrains our project monitoring responsibilities. As a temporary measure, some of the monitoring responsibility can be shifted to project funded personnel. However, the USDH has the ultimate responsibility as project manager to ensure that the projects are adequately monitored. In addition, in FY 1994 the Mission plans several redesigns which add to the amount of travel the USDHs need to make. Therefore, the USDH project officer must have an adequate travel budget. The reduced travel budget provides the bare minimum for site visits for FY 1994 anticipating that the number of site visits can be increased in FY 1995. If this is not the case, RDO/SP believes that it will have serious management control issues in FY 1995.

RDO/SP procured the new computer platform for the MACS accounting system in FY 1993. The training, installation and database conversion need to be done in FY 1994, thus the high cost of training travel and AID/W site visits.

1995 Overview:

100% Level:

No explanatory narrative required.

Management Implications:

Barring unforeseen circumstances, the 100% funding level option presents no budgetary constraints for RDO/SP in FY 1995. In fact, using current estimates, \$100,000 or about 8% could be trimmed from the \$1,265,000 budget level.

75% Level:

Funding at this level in FY 1995 does not pose the problems that it did in FY 1994, even factoring in inflation. The primary reason for this is the limited number of post assignments and no need for a temporary controller. Additionally, the Port Moresby, Papua New Guinea office should be moving into the new U.S. Embassy compound at the beginning of FY 1995, thus reducing the Mission's office rental costs. The combined effect of these three items is a cost saving of approximately \$100,000. The cost decrease easily offsets the cost of additional educational allowances and inflation in the U100 cost category. One less USDH position means that most residential rent increases will be offset by having one less house in our inventory. The major problem faced by the Mission is expected to be the lack of replacement NXP after two years (FYs 1994 & 1995).

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The five FSN OE positions lost at the FY 1995 75% funding level are assumed to be the same positions lost in the FY 1994 75% funding level exercise and are not an additional five positions.

At the reduced budget level, Mission project officer site visits are at a minimum level to permit adequate project monitoring.

Management implications:

There are no serious management implications at the 75% funding level in FY 1995. The management problem will come in FY 1996 as RDO/SP deals with a heavy personnel turnover and home leave situation.

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